

Commonwealth of Massachusetts

Federal Legislative Update

Office of Federal-State Relations
444 N. Capitol Street NW, Suite 208
Washington, DC 20001
Phone: (202) 624-7713
Fax: (202) 624-7714

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Governor Deval L. Patrick



Official Seal of the Commonwealth

Congress Passes 3 Week CR Extension; Continues Long-term Negotiations

On Thursday, March 17th, the Senate passed a three-week continuing resolution (CR) by a 87-13 vote to fund the federal government through April 8th; the resolution was passed in the House on Tuesday, March 15th, by a vote of 271-158. The bill cuts approximately \$6 billion by eliminating FY2010 earmarks in four spending bills and by reducing or eliminating 25 government programs. All of these programs, excluding the recessions to the census, were already targeted by the President for termination. Republicans in House have argued that since the 2010 Decennial Census is complete, the FY2010 appropriated funds are no longer needed. The prior continuing resolution, which expired on Friday, March 18th, was passed on Friday, February 25th and included approximately \$4 billion in cuts to programs slated for elimination in the President's FY2012 budget as well as several FY2010 earmarked programs and projects.

In the House, 54 Republicans and 104 Democrats voted against the measure; 9 GOP members and 3 Democrats voted in opposition in the Senate. Conservative Republicans that voted against the bill argued that its cuts were insufficient, while Democrats voting against the measure felt its cuts were too damaging. Increasing the pressure on negotiators, several members have expressed opposition to a third continuing resolution, meaning that a deal would need to be reached prior to the current CR's expiration. OMB Director Jacob Lew and Vice President Biden will continue to head negotiations between Republican and Democratic leaders.

The new CR will expire near the time the government is predicted to reach the statutory debt limit of \$14.29 trillion. During testimony before the House Financial Services and General Government Subcommittee, Treasury Secretary Timothy Geithner reiterated the importance that Congress raise the debt ceiling so the government can continue to borrow, and stressed that no alternative actions are available. Secretary Geithner further elaborated on possible consequences in a letter to Congress stating that failure to raise the debt limit would force the Treasury to default on legal obligations of the United States causing catastrophic damage to the U.S. economy: interest rates would rise, the dollar's status in the international financial system would suffer, and payments on an array of U.S. obligations – civil service salaries and benefits, unemployment benefits to states, and Medicaid payments to states – would be discontinued or limited.

In advance of the vote, 23 Republican Senators sent a letter to President Obama vowing to block legislation to raise the debt limit unless the President signifies a willingness to consider changes to vital programs including Social Security and Medicare such as cutting

Hearings This Week:

Senate:

Banking, Housing, and Urban Affairs Committee
"Public Proposals for the Future of the Housing Finance System"
Committee Hearing
March 29, 10:00 a.m., 538 Dirksen

Energy and Natural Resources Committee
Recent events at the Fukushima Daiichi reactor
Committee Hearing
March 29, 10:00 a.m., 366 Dirksen

Appropriations Committee
Impact of natural disasters on nuclear safety
Energy and Water Subcommittee Hearing
March 30, 10:00 a.m., 138 Dirksen

Energy and Natural Resources Committee
S. 629, to improve hydropower; S. 630, to promote marine and hydrokinetic renewable energy R&D; and the "American Clean Energy Leadership Act of 2009"
Committee Hearing
March 31, 9:30 a.m., 366 Dirksen

House of Representatives:

Transportation and Infrastructure Committee
"Improving and Reforming the Nation's Surface Transportation Programs"
Highways and Transit Subcommittee Hearing
March 29, 2:30 p.m., 2167 Rayburn

Oversight and Government Reform Committee
"Has Dodd-Frank Ended Too Big To Fail?"
TARP and Financial Services Subcommittee Hearing
March 30, 9:30 a.m., 2154 Rayburn

Transportation and Infrastructure Committee
"Improving the Nation's Response to Catastrophic Disasters: How to Minimize Costs and Streamline Our Emergency Management Programs"
Economic Development, Public Buildings, and Emergency Management Subcommittee Hearing
March 30, 10:00 a.m., 2167 Rayburn

CR Passes, Continued

benefits and rising the retirement age. Additionally, a letter drafted by Senators Bennet (D-CO) and Johanns (R-NE) and sent to the White House on Friday, March 18th garnered the support of 32 Republicans and 32 Democrats. In the letter, Senators urged the President to consider the recommendations issued by his appointed fiscal commission, as part of a broad approach to solving current budget problems. The commission suggested plan calls for cuts to government spending, elimination or reduction of numerous tax breaks, and increasing the retirement age required for Social Security benefits. House Republicans will likely seek similar concessions, and Speaker Boehner is expected to face significant opposition from within his own party.

Senate to Debate EPA's Greenhouse Gas Regulating Authority

On the week of March 28th, the Senate, which is currently debating bills to reauthorize legislation promoting small business research and technology development, may consider an amendment from Senator Inhofe (R-OK) analogous to a bill moving through the House (H.R. 910) to limit the Environmental Protection Agency's (EPA) ability to regulate carbon emissions as well as an amendment by Senator Rockefeller (D-WV) to delay the EPA's authority to regulate greenhouse gases for two years. Both amendments would have 60-vote thresholds, and the probability of passage is unclear.

Republican leaders promised a House vote before the Easter recess on the Energy Tax Prevention Act of 2011 (H.R. 910). The bill, sponsored by Committee Chairman Upton (R-MI) and Representative Whitfield (R-KY), would repeal the EPA's finding that carbon dioxide and other greenhouse gases are a threat to human health and the environment and consequently would prohibit EPA Administrator Jackson from promulgating any regulation relating to the emission of greenhouse gases to address climate change.

The House Energy and Commerce Committee passed the bill by a vote of 34 to 19 on Tuesday, March 16th. Before approving the measure, Republicans on the committee voted down three Democrat-sponsored amendments which would have acknowledged, to varying degrees, that global warming is indeed occurring. The move was intended to put GOP members on record rejecting the scientific basis of climate change, the role of human activity contributing to it, and the urgency of acting to address the issue.

House passage of H.R. 910 is expected, although sledding in the Senate will prove more difficult. President Obama has promised to veto any measure limiting the EPA's ability to regulate greenhouse gases.

House Takes Aim at Homeownership Assistance Programs

On Wednesday, March 16th, the House considered and passed the Neighborhood Stabilization Program (NSP) Termination Act by a vote of 242-182.

NSP was established to stabilize communities that have suffered from foreclosure and abandonment. It provided funds for the purchase and redevelopment of foreclosed and abandoned homes and residential properties which are frequently a magnet for criminal activity.

Hearings This Week:

House of Representatives, Continued:

Ways and Means Committee
"Impediments to Job Creation"
Committee Hearing
March 30, 10:00 a.m., 1100 Longworth

Energy and Commerce Committee
"True Cost of PPACA: Effects on the
Budget and Jobs"
Health Subcommittee Hearing
March 30, 10:00 a.m., 2123 Rayburn

*Transportation and Infrastructure
Committee*
"Improving and Reforming the Nation's
Surface Transportation Programs"
Highways and Transit Subcommittee
Hearing
March 30, 10:30 a.m., 2167 Rayburn

Financial Services Committee
"The Costs of Implementing the Dodd-
Frank Act: Budgetary and Economic"
Oversight and Investigations
Subcommittee Hearing
March 30, 2:00 p.m., 2128 Rayburn

Natural Resources Committee
"Harnessing American Resources to
Create Jobs and Address Rising
Gasoline Prices: Impacts on Businesses
and Families"
Committee Hearing
March 31, 10:00 a.m., 1324 Longworth

*Science, Space, and Technology
Committee*
"Climate Change: Examining the
Processes Used to Create Science and
Policy"
Committee Hearing
March 31, 10:00 a.m., 2318 Rayburn

*Education and the Workforce
Committee*
"The Future of Union Transparency and
Accountability"
Health, Employment, Labor, and
Pensions Subcommittee Hearing
March 31, 10:00 a.m., 2175 Rayburn

*Sciences, Space, and Technology
Committee*
"The Role of Small Business in
Innovation and Job Creation: The SBIR
and STTR Programs"
Technology and Innovation
Subcommittee Hearing
March 31, 2:00 p.m., 2318 Rayburn

Appropriations Committee
Health Reform
Labor, HHS, Education, and Related
Agencies Subcommittee Hearing
April 1, 10:00 a.m., 2359 Rayburn

Homeownership Assistance, Continued

Through the three rounds of NSP funding, Massachusetts received a total of approximately \$110 million, which has helped enable the purchase and rehabilitation of more than 730 units and 110 buildings in 22 cities.

Under the NSP Termination Act, Massachusetts would miss out on more than \$7 million in forthcoming third round NSP funding. The Senate is not expected to take up the measure and the White House issued a veto threat on the legislation.

The House is slated to debate and vote on the Home Affordable Modification Program (HAMP) Termination Act (H.R. 839) during the week of March 28th.

The HAMP Program offers eligible homeowners an opportunity to lower their mortgage payments in order to help individuals avoid foreclosure and protect the value of homes. Nationally, HAMP has helped over 600,000 individuals, including 13,500 residents in Massachusetts, to secure permanent mortgage payment modifications. The House Financial Services Committee approved the bill in a 32-23 party-line vote in early March. The Executive Office of Management and Budget made a public statement that the President would veto a HAMP Termination bill.

Senate to Continue Debate, Amendments on Long-term SBIR/STTR Reauthorization

On Monday, March 28th, the Senate will continue to resume consideration of the SBIR and STTR Reauthorization Act of 2011. The bill would reauthorize the federal government's two largest small business research and development programs (R&D), the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs, for eight years through Fiscal Year 2019. Although there are a number of substantive, yet unrelated, pending amendments to the bill, leadership is hoping for passage by the end of the week of March 28th. Senator McConnell's proposed amendment would prohibit the EPA from promulgating any regulation to control greenhouse gas emissions to address climate change. Other amendments of significance include a measure by Senator Hutchinson (R-TX) to delay the implementation of the ACA and a proposal by Senator Paul (R-KY) to cut \$2 billion in FY2011 spending.

Chair of the Small Business and Entrepreneurship Landrieu (D-LA), introduced the reauthorization with Ranking Member Snowe (R-ME), Senators Kerry and Brown. Current law mandates that every federal department with an R&D budget exceeding \$100 million establish and operate a SBIR program. The bill would mandate 3.5% of each jurisdictional agency's R&D budget is allocated to SBIR R&D, an increase of 1% over a period of 10 years. The STTR program, coordinated by the Small Business Administration (SBA), would also receive a small allocation increase of .3% of the respective agency's R&D budget over a six year period.

In 1982, under President Reagan, the Small Business Innovation Development Act established the SBIR program to stimulate technological innovation, increase participation of small companies in federally funded R&D, and increase private sector commercialization of innovations derived from federally funded R&D. Congress created the STTR program in 1992 as a companion to SBIR. Since 1983, Massachusetts has received more than 12,000 grants totaling approximately \$3.8 billion.

SBIR/STTR Reauthorization, Continued

The last long-term authorization of the SBIR/STTR programs expired in 2008. Since then, the programs have been operating under ten short-term extensions, with the current authorization set to expire in May 2011. The House failed to pass reauthorization legislation during the 111th Congress. The House Small Business Committee and Committee on Science, Space, and Technology are expected to begin collaboration on the House's version of the reauthorization.